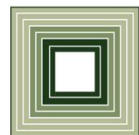


North Carolina Turnpike Authority (NCTA)

Basics & Budgetary Issues

Joint Appropriations Subcommittee on Transportation

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FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

Presentation Outline

Part 1. Turnpike Authority Overview

- History
- Statutory Authority
- Operations
- Projects & “Gap” Funding

Part 2. Budget Issues/Potential Options

NCTA History

- ❖ **2002** – Turnpike Authority established
- ❖ **2005** – Board hired professional staff
- ❖ **2005** – Study of nine projects authorized
- ❖ **2006** – Construction authorized for five projects
- ❖ **2008** – Annual “gap” funding appropriated
- ❖ **2009** – NCTA moved under NC DOT
- ❖ **2009** – Construction began on Triangle Expressway

Statutory Authority: Organization

- ❖ Authority established as “body politic & corporate” under DOT
- ❖ Governed by a nine-member Authority Board
 - 5 appointed by Governor; 4 by NCGA; Secretary -- ex-officio
 - Executes powers per bylaws and majority vote
- ❖ Executive Director and professional staff are responsible for daily administration
- ❖ Leverage DOT staff and contractors
- ❖ DOT may participate in project costs

Statutory Authority: Powers

- ❖ Study and undertake up to nine projects
 - Construction/operation limited to five specific projects
 - Other projects are subject to General Assembly approval
 - Inclusion in local comprehensive transportation plans and the State Transportation Improvement Program (STIP)
- ❖ Issue bonds (revenue) and execute other financial agreements for project construction, maintenance, and operation
- ❖ Enter into partnership agreements with DOT, localities, and private companies
- ❖ Collect tolls and fees for facility use

Statutory Authority: Confines

- ❖ NCTA prohibited from converting non-tolled (“free”) highways
- ❖ Revenues authorized for administration (5%), right of way acquisition, construction/maintenance/operations, and debt service
- ❖ Funds otherwise available for State projects are subject to the equity formula
- ❖ Toll removal upon fulfillment of bond agreements
- ❖ DOT required to maintain an existing, alternate non-toll route
- ❖ Authorized to toll existing interstate highways per US DOT approval
 - Revenues confined to repairs and maintenance of that specific interstate

NCTA Operations

- Core functions include project study/development, financing, administration, and community outreach
- Supported by 33 full-time staff :
 - 6 FTE charged to projects & funded with bond proceeds
 - 27 FTE funded with Highway Trust Fund receipts
- NCTA administration falls under the 4.8% Highway Trust Fund administrative allowance
 - Reimbursement from toll collections (G.S. 136-176)
 - \$20.1M in total expenditures and commitments to date
 - FY 2009-10 NCTA Administration Cost - \$3.3M
 - FY 2010-11 Annual Plan of Work - \$4.4M
 - FY 2011-12 Governor proposes a net \$780k reduction

NCTA Projects

Project Preliminary Engineering & Administration Inception To Date (NCTA)

Current NCTA Projects Preliminary Engineering	STIP #	<u>Funding Source</u>		<u>Uses</u>		
		Federal	State	Expenditures (To Date)	Commitments (Outstanding)	Total
Triangle Expressway (TriEx)	U-4763, R-2635	16,078,880	4,027,717	16,568,043	1,636,051	18,204,095
Southeast Extension	R-2721, R-2828, R-2829	5,346,656	3,956,564	2,759,854	3,470,569	6,230,424
Monroe Connector / Bypass	R-3329	17,653,289	3,592,354	13,778,920	1,852,254	15,631,173
Mid-Currituck Bridge	R-2576	15,631,695	3,407,186	15,244,586	3,447,534	18,692,120
Gaston Garden Parkway	U-3321	15,889,915	3,726,495	13,200,408	2,416,039	15,616,447
Cape Fear Skyway	U-4738	5,567,601	1,204,553	4,191,773	920,006	5,111,779
STIP Preliminary Engineering:		76,168,036	19,914,869	65,743,586	13,742,453	79,486,039
NCTA Administration			19,287,412	19,287,412	787,956	20,075,368
Total PE & NCTA Administration:		76,168,036	39,202,281	85,030,998	14,530,409	99,561,407

“Gap” Funding

- Highway Trust Fund appropriations designed to assist the NCTA in bridging the “gap” between project costs and bond proceeds
- Levels based on preliminary cost & financing estimates
 - Schedule established during 2008 Session (S.L. 2008-107)
- Annual appropriations (life of project financing)
- Restricted to debt service and financing costs
- Not legally binding obligations of the State
 - Rating agencies and other financial institutions evaluate the consistency of General Assembly appropriations
- NCTA has securitized gap funds, increasing borrowing potential (Appropriation Revenue Bonds)

Gap Funding

Project	Miles	Financing (Est.)	Gap Funding (in Millions)					
			FY09	FY10	FY11	FY12	FY13	FY14
Triangle Expressway	15.8	\$1.03B	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25
Monroe Connector	19.7	\$666M	\$ -	\$ -	\$ 24	\$ 24	\$ 24	\$ 24
Mid-Currituck Bridge	7	\$680M	\$ -	\$ -	\$ 15	\$ 15	\$ 15	\$ 28
Garden Parkway	22	\$1.13B	\$ -	\$ -	\$ 20	\$ 35	\$ 35	\$ 35
Cape Fear Skyway	9.5	\$1.16B	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Southwestern Wake Expressway	30	TBD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Appropriations:			\$ 25	\$ 25	\$ 84	\$ 99	\$ 99	\$112
Diverted to Mobility Fund (S.L. 2010-31):			\$ -	\$ -	\$ 39	\$ -	\$ -	\$ -

Budget Issues/Options

1. Project Adjustments: Discontinue, delay, or remove projects from statute?
2. Reprogramming: If adjustments are made, how should gap funds be reprogrammed?
3. Funding Process: Are there ways to improve the gap funding process?
4. Administration: Are there ways to strengthen/streamline toll project administration?
5. Statutory Confines: Should statutory authorizations be broadened and restrictions lifted?

Issue #1 – Project Adjustments

- Remove projects from statute?
 - Subject projects to standing DOT prioritization processes for project categories.
 - Are these projects of the highest priority? How would they rank?
- Delay projects?
 - Impacts on borrowing potential, construction costs, and schedule.
 - Signal sent to financial institutions?
- Discontinue projects?
 - Impacts on congestion and road conditions.
 - Signal sent to financial institutions?

Issue #2 – Reprogramming \$

Potential options for reprogramming available Highway Trust Fund dollars:

- Highway Trust Fund?
 - » Redirecting unexpended gap funds to urban loop projects
 - » Distribution according to statutory formulas -- intrastate, urban loops, Powell Bill, and secondary roads
- Other priorities?
 - » Bridge replacement & repair
 - » Modernization
 - » Rehabilitation
 - » Mobility Fund

Issue #3 – Funding Process

- Are gap fund appropriations indicative of need?
 - Better timing?
 - » Estimates made in advance of the final plan of finance.
 - Changes in methodology to improve estimates?
 - Should appropriation amounts be adjusted?
- Will more flexibility improve the process?
 - Should appropriations be consolidated into a designated reserve/fund?
 - Benefits? Risks?
 - What are the mechanics for allocating gap funds per project prioritization?

Issue #4 – Administration

- Options for further restructuring and efficiency?
- What should be the NCTA's role in studying and managing future tolling projects?
- Does it still make sense to have a separate Authority Board and Board of Transportation?
- Are additional tools needed for enforcement and interoperability?
- Opportunities for leveraging the Turnpike Authority customer/call center for other DOT functions?

Issue #5 – Statutory Confines

Should authorizations be broadened, or restrictions lifted for the following?

- Repayment of preliminary engineering costs;
- Timing of toll removal;
- Requirement that DOT maintain alternate, non-toll routes for each Turnpike project;
- Tolling of existing interstate highways; and
- Incentivizing local participation.